

INSTRUCTIONS FOR COMPLIANCE REPORT OF EXAMINATION

OVERVIEW

The procedures that follow provide instructions for the preparation of the Compliance Report of Examination.

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REQUIREMENT FOR FULL REPORT

The Report of Examination (ROE) consists of the following **mandatory** pages:

- Data Entry Form
- Cover
- Examiner's Comments and Conclusions
- Significant Violations
- Supervisory Page A
- CRA Performance Evaluation

The CRA Performance Evaluation is prepared as a separate document since it must be made publicly available by the financial institution.

REQUIREMENT FOR FULL REPORT (cont'd)

Other pages, to be included as applicable, are:

- Compliance with Enforcement Actions
- Other Violations Page
- Community Reinvestment Act
- Truth in Lending Reimbursement Schedules

A full ROE must be prepared for institutions:

- With composite compliance ratings of "3", "4", or "5" at the current or previous examination
- With reimbursable violations of the Truth in Lending Act at the current examination, regardless of the institution's composite compliance ratings
- With violations of the Equal Credit Opportunity Act (ECOA) and Fair Housing Act (FHA) or their implementing regulations involving illegal discrimination or discouragement at the current examination, regardless of composite ratings, or

NOTE: The streamlined Summary Compliance Report of Examination ("Summary Report") should be used for institutions that have consistently maintained a satisfactory or better compliance posture. Refer to the Instructions for the Summary Report of Examination.

REPORT OF EXAMINATION COVER

Complete the Examination Cover

1. Provide the following information at the applicable prompts in the automated ROE:

- Name of financial institution
- Use full name. For example: "The First Bank and Trust Company" as opposed to "First Bank."
- City/Town, County, State
- FDIC Region
- Certificate number of the financial institution
- Name of the Examiner-in-Charge (EIC)
- Examination Date

Date the examination staff enters the institution to begin the on-site portion of the compliance examination. Referred to on Data Entry Form as the Start Date and Scheduled Exam Date.

PAGE NUMBERING

All Report of Examination pages are numbered consecutively with the exception of the APRWIN program print-outs that are used to report information about reimbursable violations and the Supervisory Section (Page A).

EXAMINER'S COMMENTS AND CONCLUSIONS

General Instructions

The purpose of the Examiner's Comments and Conclusions page is to identify and explain any compliance problems existing in the institution. Comments on the Examiner's Comments and Conclusions page should:

- Be clear and concise
- Discuss items in order of importance
- State the facts
- Support the examiner's conclusion(s)
- Address the quality of board and management oversight

NOTE: Where appropriate, discuss the strength of management/board oversight, as evidenced by the success of the financial institution's compliance program. If deficiencies exist, identify them so that management and the board may take appropriate corrective action.

Use of Subheadings

Write the comments in the Examiner's Comments and Conclusions page under a series of sub-headings to:

- Emphasize important issues
- Provide structure and organization

Prepare Examiner's Comments and Conclusions (Page 1)

Mandatory Sub-Headings

Include in every Examiner's Comments and Conclusions page the following sub-headings, as applicable.

**EXAMINER'S
COMMENTS
AND
CONCLUSIONS
(cont'd)**

**Use of
Subheadings
(cont'd)**

SCOPE OF EXAMINATION

1. Under this caption, provide:

- The date of the examination
- Branch offices visited
- Comments relative to the use of any expanded examination procedures, if applicable

Example: Indicate whether a specific regulatory area or activity was subject to special scrutiny.

- Comments relative to the use of any limited review procedures, if applicable

Example: Indicate what specific regulatory area or activity was subject to a limited or targeted scope review.

**CONSUMER COMPLIANCE RATING and
COMMUNITY REINVESTMENT ACT RATING**

NOTE: Subheadings must be used for each composite rating assigned during an examination.

2. Disclose composite compliance and CRA ratings under the appropriate sub-heading.

**BANK BOARD RESOLUTION
MEMORANDUM OF UNDERSTANDING
CEASE AND DESIST ORDER
OTHER SUPERVISORY ENFORCEMENT ACTION**

NOTE: An applicable subheading (Bank Board Resolution, Memorandum of Understanding, or Cease and Desist Order) may be used along with the subheading Other Supervisory Enforcement Action as needed.

3. Under the applicable sub-heading (Bank Board Resolution, Memorandum of Understanding, etc.), provide:

- A summary of the financial institution's compliance with any outstanding formal or informal enforcement actions since the institution's previous compliance examination
- A reference to the "Compliance with Enforcement Action" report page(s) for a detailed discussion of the financial institution's compliance with each provision of the applicable enforcement action

**EXAMINER'S
COMMENTS
AND
CONCLUSIONS
(cont'd)**

**Use of
Subheadings
(cont'd)**

**SUMMARY OF VIOLATIONS
SIGNIFICANT EXAMINATION FINDINGS**

NOTE: Use either of the subheadings, or both, if applicable.

4. Provide a summary of the violations detailed on the Significant Violations page(s). The Significant Violations report pages will include those violations that are:

- Recurrent
- System-wide
- Willful
- Otherwise serious, such as
 - Reimbursable violations of the Truth in Lending Act or Regulation Z, the Truth in Lending Act's implementing regulation (see Special Rule below)
 - Violations of the anti-discriminatory provisions of the ECOA or the FHA

Discuss the general nature and magnitude of the violations cited rather than each regulatory section violated. Refer the reader to the specific page(s) in the ROE for further details on the significant violations.

NOTE: Special Rule for Reimbursable Truth in Lending Violations

- State total reimbursable amount on the Examiner's Comments and Conclusion page, when reliable estimates have been determined
- OR
- When reliable estimates of the total reimbursable amount are not available, state so on the Examiner's Comments and Conclusion page and provide an estimate based upon the examiner's calculations. Also, provide the assumptions on which the estimate is based

In either case, provide comments on management's willingness to make reimbursement.

COMMUNITY REINVESTMENT

5. Under this subheading, comment on the financial institution's Community Reinvestment Act (CRA) performance.
- If the financial institution is rated either "Needs to Improve" or "Substantial Noncompliance" for CRA, focus on the primary reasons for the less than satisfactory rating
 - If the financial institution's rating is downgraded from "Outstanding" to "Satisfactory" for CRA, focus on the primary reasons for the decreased rating.

**EXAMINER'S
COMMENTS
AND
CONCLUSIONS
(cont'd)**

**Use of
Subheadings
(cont'd)**

- If bank management is in disagreement with the CRA rating, the Examiner's Comments and Conclusions page or the optional Community Reinvestment report pages should contain the reason for the management's disagreement along with the primary facts and support for the assigned rating.
- If the financial institution is rated "Satisfactory" or "Outstanding" for CRA, the comments should be generally positive in nature; however, the examiner should include recommendations for improving CRA performance where appropriate or necessary

The comments should also refer the reader to the CRA Performance Evaluation and, if applicable, the optional "Community Reinvestment" report page(s) for further details.

MEETING WITH MANAGEMENT

6. Under this subheading, provide:

- Date of meeting
- Names and titles of financial institution attendees
- Names and titles of individuals representing the FDIC and state regulatory authority
- A discussion of management's response to the examination findings
Specifically address management's disagreement with the recommended compliance rating, CRA rating, and any proposed enforcement action(s), if applicable. The Examiner's Comments and Conclusions page should contain the reason for the bank's disagreement along with the primary facts and support for the rating assigned.
- A discussion of any action taken or promised by management to assure compliance and correct deficiencies
- Identify time frames for promised action.
- If the compliance or CRA rating is downgraded upon review by the Regional office staff, then management's response and/or disagreement with such change should be obtained and reflected on the Examiner's Comments and Conclusions page.

**EXAMINER'S
COMMENTS
AND
CONCLUSIONS
(cont'd)**

**Use of
Subheadings
(cont'd)**

MEETING WITH THE BOARD OF DIRECTORS/TRUSTEES

7. If a meeting is held with the board of directors/trustees, provide the following:
- Date of the meeting
 - Names and titles of directors/trustees in attendance
 - Names and titles of persons in attendance at the request of the institution's directors/trustees
 - Names and titles of individuals representing the FDIC and state regulatory authority

8. Discuss the Board's response to the examination findings and any proposed informal or formal enforcement actions. Include, as applicable:
- Any corrective actions promised by the board. (Identify by name the board member(s) who made commitment(s))
 - Any indications on the part of the board that they would stipulate to a proposed enforcement action (both formal and informal)
- As above, identify by name the board member(s) who indicated their willingness to stipulate to the enforcement action.

Optional Sub-Headings

9. Below are topical sub-headings that are not mandatory, but should be used whenever appropriate to provide further details on examination findings.
- Examples include:
- Compliance Management
 - Lack of Supervision by Directors/Trustees
 - Insufficient Management Involvement
 - Failure to Appoint a Compliance Officer
 - Insufficient Training
 - Lack of an Adequate Compliance Program
 - Inadequate Internal Procedures and Controls
 - Inadequate Audit Program
 - Fair Lending

**EXAMINER'S
COMMENTS
AND
CONCLUSIONS
(cont'd)**

**Use of
Subheadings
(cont'd)**

10. Depending upon the circumstances, use sub-headings that describe principal findings, such as:

- Lending Discrimination
- Patterns or Practices of Reimbursable Violations
- Underpayment to Deposit Customers
- Repeat Violations

11. Discuss under each subheading the apparent deficiencies in the institution's policies, procedures, and practices that illustrate and support the examiner's conclusions or that caused or contributed to such findings.

- Refer the reader to other report pages that support the findings
- Recommend corrective actions
- Note any efforts by management to address or correct identified deficiencies

**COMPLIANCE
WITH
ENFORCEMENT
ACTIONS**

**General
Instructions**

Use this page in the ROE **only if** the financial institution is subject to an outstanding formal or informal compliance enforcement action, such as a:

- Bank Board Resolution
- Memorandum of Understanding
- Cease and Desist Order
- Other supervisory enforcement action relating to compliance

Example of Other Supervisory Enforcement Action

The removal of an officer pursuant to Section 8(e) of the Federal Deposit Insurance Act for misappropriating Truth in Lending reimbursement checks.

Prepare Compliance with Enforcement Action Page(s)

General Instructions

1. If the institution is subject to an outstanding formal or informal compliance enforcement action, provide the following:

- The type of enforcement action
- The date the enforcement action was issued, or in the case of a Bank Board Resolution, when adopted
- A list of each specific provision, and a discussion of the financial institution's compliance with each

COMPLIANCE WITH ENFORCEMENT ACTIONS (cont'd)

General Instructions (cont'd)

NOTE: If a visitation was conducted between examinations, and a Visitation Report was forwarded to the financial institution detailing compliance with the provisions of the enforcement action, the examiner need only address the remaining outstanding provisions of the enforcement action in the Report of Examination. The examiner should also refer to the Visitation Report.

- A recommendation of whether the enforcement action should be continued, removed, or changed to another type of enforcement action

VIOLATION WRITE-UPS

General Procedures

Violation descriptions are an essential compliance examination assessment tool. Some information relative to each violation is entered into the Compliance Statistical System (CSS), DCA's database. Through the use of this system, DCA can produce individual financial institution compliance profiles and also monitor the compliance of all state nonmember institutions with specific consumer protection and civil rights laws and regulations.

Violation descriptions should include the following elements:

- Description (summary of regulatory section and the six digit violation code obtained from CSS Violation Code Directory)
- Frequency
- Primary cause
- Severity

For each violation, the combination of these elements will assist examiners in determining the extent of the financial institution's deficiencies, if any, and the need for corrective action.

General Rules

1. Detail applicable elements in each violation write-up:

Refer to the heading "Violation Write-Ups, Elements in Violation Description" below for details to include in each write-up.

**VIOLATION
WRITE-UPS
(cont'd)**

**Elements in
Violation
Description**

The following elements should be determined for each violation.

I. Summary of Regulatory Section and Associated Violation Code

1. The summary of the regulatory section and associated violation code serve as a heading for the violation description and precedes the violation description.

This information may be obtained from the CSS Violation Code Directory and can be obtained in the automated ROE.

NOTE: Regulatory provisions not yet included in the CSS Violation Code Directory, previously referred to as "Uncoded Violations," should be identified by the general code for the particular statute or regulation.

Refer to the Compliance Statistical System Program Appendix of this manual for details on these codes and entering them into the DEF.

II. Description of the Frequency of the Violation

NOTE: The frequency of a violation indicates the extent of the occurrence of violations, of a particular type, identified during the examination or visitation. Violation comments regarding frequency will generally include the time period and nature of the documents examined.

1. Unless apparent, the magnitude of the frequency should be clearly stated. The violation description should include the sample size and number of exceptions identified in the sample. This requirement would not be applicable to disclosures or public notices.
2. Clearly indicate if a previously identified violation remains unchanged since the previous examination.

III. Primary Cause of the Violation

1. Provide a full explanation of the primary cause for each violation.

A detailed explanation is especially important for violations that may be subject to specific regulatory enforcement actions such as reimbursement or civil money penalties.

IV. Severity

1. Identify the proper violation category.
Violations fall into two general categories:

- Significant
- Other Violations

The severity of the violation is determined by the examination report page on which it is listed.

**VIOLATION
WRITE-UPS
(cont'd)**

SIGNIFICANT VIOLATIONS

Elements in

Significant Violations - Violations of a specific law or regulation that individually or collectively:

- Impose immediate (current examination) supervisory requirements or corrective action on the financial institution
For example: Discrimination on any of the prohibited bases.
- Have monetary repercussions on the financial institution or to identified consumer(s), such as TIL reimbursements or civil money penalties
- Are willful in nature
- Significantly affect the availability or accuracy of publicly accessible data, such as significant incorrect HMDA LAR entries in which civil money penalties are recommended
- Violations that appeared in the Significant Violations section at the previous examination and are repeated in exactly the same manner at the current examination. Isolated repeat violations need not necessarily be considered significant.
- Numerous violations affecting one regulatory area indicating a breakdown in training, internal controls, audit procedures or management oversight of an area
- Violations that result from a routine practice or that impact a large number of customers

NOTE: The seriousness of violations should be clearly conveyed in the ROE.

OTHER VIOLATIONS

Other Violations are described as infrequent, sporadic or irregular violations that neither individually, nor collectively, represent serious concern for the financial institution, but require corrective action where appropriate.

Violations which do not fit the description of Significant Violations should be included in this definition.

Refer to the instructions for Significant Violations and Other Violations for further guidance on identifying the proper violation category.

SIGNIFICANT VIOLATIONS

Prepare Significant Violations Page(s)	
Categories of Violations	
<p>There are two categories of violations cited in the Compliance Report of Examination. They are listed below in descending order of severity:</p> <ul style="list-style-type: none"> • Significant • Other Violations <p>The first violation category "Significant," appears on the Significant Violations page(s). Guidance to determine where to list a particular Significant Violation is found below. "Other Violations" are listed on the separate Other Violations page(s).</p>	
Significant Violations - Definition	
<p>Significant violations are violations of a specific law or regulation that individually or collectively:</p> <ul style="list-style-type: none"> • Impose immediate (current examination) supervisory requirements or corrective action on the institution • Have monetary repercussions on the financial institution or to identified consumer(s) • Are willful in nature • Significantly affect the availability or accuracy of publicly accessible data • Violations that appeared in the Significant Violations section at the previous examination and are repeated in exactly the same manner at the current examination. Isolated repeat violations need not necessarily be considered significant • Numerous violations affecting one regulatory area indicating a breakdown in training, internal controls, audit procedures or management oversight for that area • Violations that result from a routine practice or that impact a large number of customers 	
Significant Violation - Write-ups	
<p><i>NOTE: See general rules governing the drafting of violations descriptions in the preceding section, Violation Write-ups. In addition, the following rules apply to "Significant" violation descriptions.</i></p> <p>1. List violations in descending order of importance.</p>	
<p>2. Give two or three examples for each violation.</p> <p>Exception: If the violation involves one of the anti-discrimination provisions of the ECOA or the FHA, give names of all identified individuals.</p>	

SIGNIFICANT VIOLATIONS (cont'd)

Special Rules for Reimbursable Truth in Lending Violation Descriptions

1. Include Reimbursable Truth in Lending violations in the "Significant Violations" category, under the separate heading, "Reimbursable Truth in Lending Violations".
2. For each Reimbursable Truth in Lending violation, provide the violation code and summary from the CSS Violation Code Directory for both the specific section of Regulation Z involved and the applicable provision of the Truth in Lending Act.

Refer to the CSS Codes Appendix in this manual.
3. In the text of the violation write-up, supply the following information to support the presence of a "pattern or practice" for each type of reimbursable Truth in Lending violation.
 - Type of loan
 - Special characteristics or features, if any
 - Number of loans sampled with reimbursement violations
4. For violations involving both understated Annual Percentage Rates (APR) and Finance Charges (FC), identify the larger of the reimbursable amount.
5. In addition to the above information, forward to the Regional Office the following documentation for each type of reimbursable violation cited (as applicable):
 - APR calculation printouts
 - TIL disclosures
 - Contract note
 - Commitment letter
 - HUD-1/1A Forms
 - Private mortgage insurance agreements
 - Interest rate indices
 - Trial balance, loan history, or payment record showing first payment and at least one subsequent payment
 - Itemization of amount financed (if separate)/Good Faith Estimate
 - Amortization schedule
 - Any other documentation supporting adjustments to the amount financed (for example, credit insurance application forms, etc.)

**TRUTH IN
LENDING
REIMBURSABLE
VIOLATION
PRINT-OUTS**

Use the OCC Windows APR program print-outs in the report whenever a pattern or practice of reimbursable violations exist. The print-outs will be included in the ROE after the Significant Violations pages. The page numbers for the APR print-outs will consist of the page number from the preceding Significant Violation page followed by an a.1, a.2, a.3, etc. For example, if the page number on the preceding Significant Violation page is 8, the APR print-outs will be numbered 8.a.1, 8.a.2, 8.a.3, etc.

CONVERT APR PRINT-OUTS TO A WORDPERFECT DOCUMENT

1. Select the print function on the Windows version of the OCC's APR program
2. Select the option to print to a file
3. Save the file to the appropriate drive and name the file APR
4. Open the file in WordPerfect
5. Select the Convert File Format option shown on the screen
 - You may need to arrow down to the Unknown Format option
6. Convert and select the ASCII (DOS) Text option
7. Choose Edit, Select, and All
8. Choose Format and Font
 - Select the Courier (W1) or Courier (New) option for Font Face
 - Select the 10 point option for Font Size and enter OK
9. Select Format and Margins
 - Verify that the left margin is set at one inch
 - Set the left margin to less than 1 inch and enter OK
 - A margin of .250 will allow more text on each page
10. Set the page breaks where necessary and add page numbers
11. For better appearance of the document, the following optional steps can be used:
 - Remove any extra space at the bottom of each page
 - Choose Format
 - Select Make It Fit Expert
 - Select the number of desired pages
 - De-select the left margin if the option is checked
 - Click on Make It Fit
 - Enter OK
12. Save the file in the WordPerfect 6.0/6.1 Format

**OTHER
VIOLATIONS**

Prepare Other Violations Page(s)	
General Instructions	
The violation information on the Other Violations page is presented in the same format as the Significant Violations page.	
Other Violations - Definition	
Other violations are described as infrequent, sporadic, or irregular violations that neither individually, nor collectively, represent serious concern for the financial institution, but require corrective action where appropriate.	
Violations which do not fit the description of Significant Violations should be included in this definition.	
Other Violation – Write-Ups	
<p><i>NOTE: See general rules governing the drafting of violation descriptions in the Violation Write-Ups section of the manual. In addition, the following rules apply to “Other” violation descriptions</i></p> <ol style="list-style-type: none"> 1. List violations in descending order of regulatory importance. 2. List each violation <ul style="list-style-type: none"> • Other Violations generally will consist of one or two examples 	

**COMMUNITY
REINVESTMENT
ACT**

Prepare CRA Page(s)	
1.	<p>Use the Community Reinvestment Act (CRA) page to discuss sensitive or confidential matters that are:</p> <ul style="list-style-type: none"> • Inappropriate to include in the CRA Performance Evaluation • Important, but not significant enough to include on the Examiner’s Comment and Conclusions <p><i>NOTE: When all information concerning CRA performance can be addressed in the CRA Performance Evaluation and the Examiner’s Comments and Conclusions page, do not use the Community Reinvestment Act page.</i></p>

**COMMUNITY
REINVESTMENT
ACT (cont'd)**

Sensitive and Confidential Information

1. Include on this page confidential or sensitive information **that should not be released to the public in the CRA Performance Evaluation.**

For example:

- Opinions or unverified information obtained from a community contact
- Information relative to a consumer complaint alleging discriminatory practices
- Specific borrower names and loan amounts
- Technical violations of anti-discriminatory laws and regulations
- Details regarding informal action (Board Resolution, Memorandum of Understanding) or formal enforcement action (a Cease and Desist Order enforcement action issued pursuant to Section 8 of the Federal Deposit Insurance Act) that are not a matter of public record and which may restrict the financial institution's ability to extend credit
- Anticipated or threatened litigation
- The financial institution's composite rating from its previous safety and soundness examination

2. Below are some model comments which address some of the above information:

- For institutions that meet the definition of "small bank"

Example:

Under the **Lending in Assessment Area** criteria in the Performance Evaluation, the financial institution is commended for its commitment to lending to local nonprofit organizations for the development of low- and moderate-income housing. The Anytown Community Development Corporation received six loans, 1% under prime rate, totaling \$457,000 during 19xx for this purpose.

NOTE: Although specific organizations and loan terms should not be included in the institution's Performance Evaluations, this information should be generalized and included in the Performance Evaluation to support the rating.

Example:

As discussed under **Description of Institution**, the financial institution has fiscal constraints that have affected its ability to meet community credit needs. The institution's last safety and soundness examination resulted in a composite rating of "3" and a Memorandum of Understanding between the institution and FDIC Regional Director restricting the institution's asset growth.

**COMMUNITY
REINVESTMENT
ACT
(cont'd)**

Constructive and Critical Recommendations

Constructive Recommendations

Constructive recommendations are those that address the manner in which deficiencies, as identified on the Examiner's Comments and Conclusions page, may be remedied.

1. Use constructive recommendations to provide guidance and advice to a financial institution.

Constructive recommendations may include, for example, suggestions to improve the institution's method of responding to complaints.

Constructive recommendations are suggestions, not requirements. The institution's failure to follow these recommendations will have no adverse consequences upon its future CRA ratings. Such comments should appear on the CRA page or the Examiner's Comments and Conclusions page.

Critical Recommendations

2. Critical recommendations address serious CRA deficiencies, and should appear on the Examiner's Comments and Conclusions page.

Failure to address the underlying deficiency or implement the critical recommendation may have a profound adverse impact on the institution's CRA rating.

3. Note in the ROE the name and title of the officer with whom these recommendations were discussed.

For example, assume, based upon the demographics of the institution's assessment area and other performance context information, that the institution's distribution of loans to individuals of different income levels is poor. Comments addressing this deficiency should appear on the Examiner's Comments and Conclusions page. Below is an example.

Example:

The institution's distribution of loans, by borrower income, favors high income individuals. For all loans extended in 19xx, less than 1% were extended to borrowers with incomes less than 80% of area median income. Aggregate HMDA data suggests that there is loan demand from low- and moderate-income residents, as 32% of reportable HMDA loans in the same year were extended to low- and moderate-income residents.

A general recommendation to diversify loan dispersion among income categories would also be appropriate for the Examiner's Comments and Conclusions page. Below is a sample comment.

Example:

The institution's high down payment requirements and fee structure, as detailed on the Community Reinvestment page, appear to preclude low- and moderate-income residents from applying for any of the institution's mortgage loan products.

COMMUNITY REINVESTMENT ACT (cont'd)

The examiner may further explain how low down payment mortgage programs work, or how private mortgage guaranty insurance provides for lower down payments.

NOTE: CRA Examinations for Wholesale and Limited-Purpose financial institutions will require a different format which will be addressed in a future manual update.

SUPERVISORY SECTION

The Supervisory Section (Page A) is the confidential section of the examination report, and is made available only to the FDIC's Regional and Washington Offices and other banking regulators. The purpose of the Supervisory Section (Page A) is to supply general supervisory information, and to provide:

- Confidential or controversial information to the Regional and Washington Offices
- Information to succeeding examiners on the supervision and examination of the institution

Discuss only confidential or controversial information inappropriate for discussion in the open section of the examination report.

NOTE: Do not repeat information previously provided in the open section of the report unless it is necessary to give a context for the comments made in the closed section.

Prepare Supervisory Section (Page A)	
General Information Portion	
1. Enter the following information where indicated. If information is unavailable or not applicable, enter "N/A."	
<u>General</u>	
<ul style="list-style-type: none"> • Certificate number of financial institution • Name of financial institution • City/town where financial institution is located • State where financial institution is located • Total assets of financial institution (rounded to the nearest thousand) • FDIC Region • FDIC (DCA) Field Office • Number of financial offices • FDIC (DCA) Field Office 	

SUPERVISORY SECTION (cont'd)

- Number of financial institution offices
- Offices examined
- Date of current examination (Date examiners entered institution to begin on-site portion of the Compliance Examination)
- Date examination started (Same as above, but include hour of arrival)
- Date examination completed (Enter both date and hour)
- Date of last compliance examination
- Compliance ratings from current examination (component and composite)
- Compliance ratings from previous examination (component and composite)
- CRA ratings from current examination

For banks examined under all procedures except the large bank procedures, describe the CRA Performance Levels, as applicable, under the CRA Performance Levels heading discussed below. Examples follow for the various procedures.

Small Bank Procedures:

--	<i>Composite Rating</i>	Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance
-	Loan-to-deposit ratio	Exceeds, Meets, or Does Not Meet Standards
-	Assessment area(s) concentration	Exceeds, Meets, or Does Not Meet Standards
-	Geographic distribution of loans	Exceeds, Meets, or Does Not Meet Standards
-	Borrower's profile	Exceeds, Meets, or Does Not Meet Standards
-	Response to Complaints	Exceeds, Meets, Does Not Meet Standards, or No Complaints Received
-	Investments and Services	Considered* or N/A

*Note: Either Investments or Services, or both, may be reviewed. No rating is assigned for Investments and Services, however, they are "considered" to the extent that they may increase a "Satisfactory" rating to an "Outstanding" rating.

**SUPERVISORY
SECTION
(cont'd)**
Large Retail Institution Procedures:

- *Composite Rating* Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance
- *Lending Test* Outstanding, High Satisfactory, Low Satisfactory, Needs to Improve, Substantial Noncompliance
- *Service Test* Outstanding, High Satisfactory, Low Satisfactory, Needs to Improve, Substantial Noncompliance
- *Investment Test* Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance

Wholesale and Limited-Purpose Procedures:

- *Community Development Test* Outstanding, Satisfactory, Needs to Improve Substantial Noncompliance

Strategic Plan Procedures:

- Composite Rating Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance

- CRA ratings from previous examination (component and composite)

Working Hours (By Columns)

- Name of Examiner-in-Charge and other examination staff
- Grade level of each member of the examination staff
- Hours spent by each member of the examination staff working on the examination both on-site at the financial institution (IN) and off-site (OUT)
- Total hours spent by each member of the examination staff on the examination
- Total combined hours of all examination staff
 - On-site at the financial institution (IN)
 - Off-site (OUT)
 - At the financial institution (IN) and off-site (OUT) combined

Comment Sub-Section of Supervisory Section

1. Provide the following, as applicable, in the Comment sub-section of the Supervisory Section.

CRA Performance Levels

- Describe the test(s) rating(s), the component performance levels, and the overall composite rating for the examination procedures utilized at this examination
- Identify which CRA examination procedures were used (for example, small bank procedures)
- Provide CRA component ratings

**SUPERVISORY
SECTION**

- Indicate whether the financial institution requested to be considered for an "Outstanding" rating

(cont'd)

- If an "Outstanding" CRA rating was granted, indicate whether investments and services were reviewed

NOTE: The topical headings used below are for organizational purposes only and do not represent any order of significance.

Management and Organizational Structure

- Names of key personnel
- Significant management changes
- Attitude and willingness to correct identified deficiencies
- Financial institution's relationship with any holding company, affiliate or subsidiary

Confidential or Controversial Information

- Cause of violations, particularly if attributable to identified person(s)
- Board meeting minutes relating to violations
- Management or loan committee meeting minutes or other discussions of policies or violations
- Unusual or special circumstances encountered

Restitution

- If restitution is required for Truth in Lending Regulation Z violations or for Truth in Savings, Equal Credit Opportunity, Fair Housing Act, supply the following information:
 - Estimated number of accounts, by type or the number of customers affected. For loans, include the number of accounts currently outstanding and the number paid off since the practice began or since the last examination
 - When more than one type of account is subject to reimbursement, provide the estimated total number of accounts and the estimated total reimbursement. Provide the basis for estimates
- If a bank has made restitution for Truth in Lending violations since the last compliance examination, state the number of accounts and the total dollar amount reimbursed. Provide a summary comment on Page 1 or 1.a.1 concerning any incorrect reimbursements

Enforcement Actions

- If a formal or informal enforcement action has been recommended, state the basis for recommendation
- If the financial institution is rated a "3" for Compliance or "Needs to Improve" for CRA and a Board Resolution or a Memorandum of Understanding has not been recommended, explain why

SUPERVISORY SECTION (cont'd)

- If the financial institution is rated a "4" for Compliance for the first time, and a Cease and Desist Order or Civil Money Penalties were not recommended, explain why
- If a Cease and Desist Order or Civil Money Penalties are recommended, provide the names and home addresses of the board of directors/trustees

Pending Litigation/Allegations of Discrimination

- Any pending litigation related to consumer protection/civil rights matters
- Any indication of possible discrimination from sources outside the compliance examination (opinions voiced by community contacts, ongoing or threatened litigation, etc.)

Consumer Complaint Resolution

- Adequacy of consumer complaint resolution (include complaints sent directly to the financial institution or received through the FDIC)

Community Reinvestment Act

- Indicate community contact interviews conducted during the course of the examination (name, address, telephone number of organization)
- Confidential or sensitive information that would be inappropriate to disclose in the institution's CRA Performance Evaluation or the open portion of the ROE

Example: Unsubstantiated or unverifiable critical comments from a community contact; staffing limitations, confidential marketing or business plan goals; supervisory constraints, CRA protests or challenges.

NOTE: Information obtained from a community contact may, at times, be permissibly disclosed in the institution's Performance Evaluation, the Examiner's Comments and Conclusions Page, or the Community Reinvestment Page. This determination is one which must be made by the examiner.

Fair Lending

- Include a scope comment that summarizes all Fair Lending Examination Procedures performed and the area reviewed during the examination. The comment should include at a minimum:
 - a description of any hypotheses developed involving product lines, market areas, loan decision centers and prohibited basis groups; or factors and procedures used to determine that a hypothesis was not necessary
 - a description of the comparative loan file analysis for each hypothesis, including the composition of the target and control groups

SUPERVISORY SECTION (cont'd)

- a summary of any significant questions raised and how they were resolved
- a summary of the analysis of facts and data that support violations (if any)

Provide an explanation of why any of the above procedures are not included in the scope comment.

Hours and Other General Examination Issues

- If a noncommissioned examiner acted as Examiner-in-Charge, state that fact
 - Explain any differences in excess of 25% between estimated and actual examination hours
 - Off-site and on-site training hours
- Example:** Extensive on-site review of consumer allegations of discrimination that failed to produce any evidence of unlawful discrimination. Identify tasks performed and provide recommendations for subsequent examinations or visits.
- Indicate whether the institution prefers compliance examinations conducted independently, or concurrent with:
 - FDIC safety and soundness examinations
 - Provide name and title of responding officer
 - Provide helpful information for future examinations, for example, description of accommodations, hours of operation, location of records, etc

Page Numbering

The Supervisory Section page(s) are numbered A.1, A.2, etc.

**FDIC LAW,
REGULATIONS,
& RELATED
ACTS****Applicable Rules**

None

**Advisory
Opinions**

None

**Statements of
Policy**

None

**DCA
MEMORANDA**

Examination Training Hours, Transmittal No. DCA 97-029, dated 9/9/97.

Modifications to the Compliance Examination Process, Transmittal No. DCA 98-011, dated 5/29/98.

Windows Version of OCC's APR Program, Transmittal No. DCA 97-032, dated 9/16/97.

**FINANCIAL
INSTITUTION
LETTERS (FIL)**

None

OTHER

None